

Development (1939) Department.

M8 SERIES

G.O. No. 5 2 6

DATED 2 3 39

[Despatch Abstract.]

Industries - State Aid to Industries Act - Application from
Mr. Elias Silva, Mangalore - Loan rejected.

DEPARTMENT.

Registered 4800 19

Subject.

INDUSTRIES - State Aid to Industries Act -
 Application from Mr. Elias Silva, Mangalore,
 for a loan of Rs.1,500/- - Submitting -

ENCLOSURES.

No.

Spare copies

No. S.A.41/37

Station M a d r a s, Dated the 13th February 1939.

From (Name) V. Ramakrishna Esq., M.A., I.C.S.,
 (Designation) Director of Industries & Commerce,

To The Secretary to the Government of Madras,

Development Department.

Sir,

I submit copies of the undernoted documents in connection with an application from Mr. Elias Silva, Mangalore, for a loan of Rs.1,500/- for the purpose of developing his handloom weaving establishment. Out of the loan, he proposes to discharge a prior debt of Rs.500/- incurred in the purchase of yarn and to utilise the balance of Rs.1000/- for working capital.

1) Application from Mr. Elias Silva, Mangalore;

ii) Note circulated to the Board of Industries; and

for
pp 4-5 infra

iii) Extract from the proceedings of the meeting of the Board of Industries held on the 30th January 1939.

2. The applicant started his handloom weaving establishment about three years ago. Though he owns 23 looms, only 15 looms are worked at present while the remaining looms are idle for want of working capital. These looms are located in rented premises in Mangalore. The industry may be considered a small scale industry and brought under section 14-A of the Act as the capital outlay does not exceed Rs.1,500/-.

3. The cloths produced on the looms are lungis, sarees, etc., and the Principal, Government Textile Institute, who inspected the concern states that a net profit of Rs.240/- per annum may be estimated, provided all the 23 looms continue to work and the output of cloth is disposed of during the year at the price mentioned in the financial statement. Though the concern has been in existence for the last three years. no account books are maintained so as to show the annual transactions.

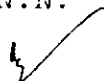
4. The security for the loan consists of handlooms and accessories and these are valued by the Principal, Government Textile Institute. at Rs.1,079/-. As there is a debt subsisting on the business to the extent of Rs.500/-, the value of assets will be reduced to Rs.579/-. As, however, he proposes to clear off the debt of Rs.500/- from the proceeds of the loan, the value of the assets will be raised to the original figure of Rs.1,079/- and he will be eligible for a loan of an equal amount under Rule 24 of the Rules framed under the Act. The Collector of South Kanara states that the applicant who is 45 years old has not a flourishing business, that his financial status is not sound and that he does not possess any immovable property.

5. The application was considered by the Board of Industries at its meeting held on the 30th January 1939 and the

Board did not consider this a fit case for aid under the Act,
as it is desirable to eliminate middlemen as far as possible.


for DIRECTOR OF INDUSTRIES & COMMERCE.

N.N.



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NOTE FOR THE BOARD OF INDUSTRIES.

Application from Mr. Elias Silva, Mangalore, for a loan of Rs.1500/- under the State Aid to Industries Act.

Attached is a copy of an application from Mr. Elias Silva, Mangalore, for a loan of Rs.1500/- under section 6(a) of the State Aid to Industries Act for the purpose of developing his handloom weaving establishment. Out of the loan, he proposes to discharge a prior debt of Rs.500/- incurred in the purchase of yarn and to utilise the balance of Rs.1000/- for working capital. The loan will be repaid in 15 annual instalments.

2. The applicant has 25 years experience in handloom weaving. He started his concern about three years ago. Though he owns 23 looms, only 15 looms are worked at present for want of sufficient working capital. These looms are located in rented premises in Mangalore belonging to the St. Antony's Institute. He is employing in his business about 27 men, women and children, in addition to the members of his family. The applicant states that he is living in the factory premises. A cottage industry is defined in section I-A of the Act as an industry carried on by a worker in his own home and it does not therefore appear that the industry can be considered as a cottage industry. It may, however, be considered a small scale industry and brought under section 14-A of the Act in as much as the capital outlay according to the attached financial statement does not exceed Rs.1500/-.

3. The cloths manufactured on the looms are lungies, saris, etc., and though the concern has been in existence for three years, there are no account books maintained so as to show the annual transactions. The Principal, Government Textile Institute, Madras, inspected the concern in September 1938 and a copy of his report is attached. It will be observed from the financial statement that a net profit of Rs.240/- per annum is estimated by the Principal, provided all the 23 looms continue to work and the output is as follows:

output of cloth is disposed of during the year at the price mentioned in the note.

4. The security for the loan consists of the handlooms and accessories and these are valued by the Principal at Rs.1079/-. As there is a debt subsisting on the business to the extent of Rs.500/- the value of the assets will be reduced to Rs.579/-. As the applicant proposes to clear off the debt of Rs.500/- from the proceeds of the loan, the value of the assets will be raised to the original figure of Rs.1079/- and he will be eligible for a loan of a like amount under rule 24 of the Rules framed under the Act. The Collector of South Kanara who was consulted states that the applicant who is 45 years old has not a flourishing business, that his financial status is not sound and that he does not possess any immovable property. A copy of his report is attached. *info*

5. The views of the Board are desired on the merits of the application and as to whether they are in the circumstances prepared to recommend the grant of a loan.

N.N.

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APPLICATION FOR AID UNDER THE STATE AID TO INDUSTRIES ACT.

1. Name of applicant and his full address:

Mr. Elias Silva, son of John Silva, Near Milagres Church,
Mangalore, South Kanara.

2. Nature of the industrial concern for which aid is sought.

Handloom weaving factory (weaving of cotton sarees and
other cotton clothes).

3. The administrative technical and executive staff existing or to
be appointed with qualifications.

At present 15 weavers are working on looms. No other
specially qualified persons. More weavers will be employed
if state aid is given.

4. The facilities available for the development of industry.

Sarees and such other clothes made on Indian hand looms are
always on demand.

5. Nature of the process to be employed.

Hand process.

6. Details of plant and machinery installed or proposed to be
installed.

No machinery. There are 23 hand looms but only 15 out of which
which are worked at present for want of funds to purchase
thread. The turn out on these 15 hand looms can be increased
and the others can be worked to their full capacity if state
loan is given.

7. The total estimated cost of the undertaking.

Details furnished separately.

8. Approximate number of operatives employed or to be employed.

(a) Employed:

Weavers	15
Thread preparers	7
Designer	1

	23

(b) To be employed in addition.

Weavers	8
Thread preparers	16
Apprentices	23

Estimated net expenditure per annum
in running the works.

Shown separately Schedules

Estimated net profits accruing

" I & II.

Reasons why the business cannot be financed without state
assistance.

Capital is required to stock thread and other things required
for hand looms and also for advancing money to weavers and
other workers. Prepared goods are not sold as soon as they

of capital, to give sufficient work to each weaver thread preparer. *applicant finds it impossible*

If capital is available goods of better design etc. can be prepared on the same hand looms.

12. Nature and extent of state aid applied for.

Loan of Rs. 1,500/- Under section 6(a) of Madras Act V 1923.

13. Security offered. 23 handlooms each costing about Rs. 50

14. Nature and extent of the applicant's right in the concern and his financial resources

Full proprietor. Income is from the sale of cloth woven on these handlooms.

15. Nature and extent of applicant's right to the property offered as security.

No other property.

16. Nature and extent of encumbrances

NIL

17. Whether any arrears are due on the immovable property

NIL

18. Period within which and the number of instalments in which the applicant proposes to repay the loan.

15 years. 15 annual instalments of Rs. 100/- plus interest.

19.

SCHEDULE I.

ESTIMATE OF WORKING COSTS AND PROFITS.

NOTE: At present clothing known as 'LUNGI' is woven and on that the estimate given below is based.

Cost of thread 2 kallis for 1 lungi	Rs. 0	7	6	A weaver working
				6 hours per
Wages of 1 weaver for 1 lungi	0	4	0	day for 22 days
				in a month
" thread preparer	0	1	0	weaves 66 Lungis
				of 2 yards
				each.
	Rs. 0	12	6	

Monthly expenditure on above for one loom Rs. 51-9-0

do. for 23 looms Rs. 1,185-15-0 or about Rs. 1,180/-

do. for a year Rs. 14,160 -0 -0

are brought out of the factory. Weavers have to be paid in the meantime and regular work should be given to them. Colour has to be purchased.

At present the applicant finds it impossible for want of capital, to give sufficient work to each weaver and thread preparer.

If capital is available goods of better design texture etc. can be prepared on the same hand looms.

12. Nature and extent of state aid applied for.

Loan of Rs. 1,500/- Under section 6(a) of Madras Act V of 1923.

13. Security offered, 23 handlooms each costing about Rs. 50-60.

14. Nature and extent of the applicant's right in the concern and his financial resources

Full proprietor. Income is from the sale of cloth woven on these handlooms.

15. Nature and extent of applicant's right to the property offered as security.

No other property.

16. Nature and extent of encumbrances NIL

17. Whether any arrears are due on the immovable property NIL

18. Period within which and the number of instalments in which the applicant proposes to repay the loan.

15 years. 15 annual instalments of Rs. 100/- plus interest.

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" thread preparer	0	1	0	1	weaves 66 Lungis
					of 2 yards
					each.
	Rs. 0	12	6	1	

Monthly expenditure on above for one loom Rs. 51-9-0

do. for 23 looms Rs. 1,185-15-0 or about Rs. 1,180/-

do. for a year Rs. 14,160 -0 -0

SCHEDULE II.

ESTIMATES OF PROFITS.

Cost of 1 lungi	Rs. 0 14 0
Yearly turn out on one loom being	
792, the cost of these ...	Rs. 693/-
do. on 23 looms	Rs. 15,939/-
Expenses	14,160/-

Annual profit	Rs. 1,779/-

Less pay of designer at Rs. 15 per month	180 0 0
pay for proprietor for his work	480 0 0
Rent for building @ Rs. 15/- per month	180 0 0
Incidental repairing charges	120 0 0

	960 00 0

Profit (estimated)	Rs. 850 0 0

This estimate can be improved upon if other kinds of cloth such as sarees etc. are woven. Colouring of thread also can be done and thread can be purchased.

ANY OTHER REMARKS: For want of sufficient capital, the applicant has not been able to purchase thread wholesale or colour it or run the looms continuously. Even the 15 looms which are now working do not run the whole 8 hours day.

Hence the application for loan.

I, Elias Silva, son of John Silva declare that the statements made above are true to the best of my information and belief.

Sd. E. Silva,

Mangalore, 12-11-1937.

Copy of Report No.1520/38 dated 9th September 1938 of the Principal, Government Textile Institute, Madras.

I paid a visit to the concern of Mr. E. Silva, Mangalore, on 2nd September 1938 in connection with his application for a loan of Rs.1,500/- for his concern, under the State Aid to Industries Act.

2. Mr. Silva has 25 years' experience in handloom weaving. He and his family are engaged in working the concern. Mr. Silva attends to the purchase of yarn, sale of cloth to merchants, making of designs, payment of wages and financial matters. His eldest son works as a warper and supervises the work of the weavers. The other family members attend to winding bobbins (warp) and pirns (weft).

3. Mr. Silva owns 23 looms and they are installed in a rented building. Besides himself and his family members, he employs about 15 men, 7 women and 5 children for running his concern. Dyeing is not undertaken but only dyed yarn is purchased. The concern manufactures cloths such as worn by Lubbais and Moplahs Lungies, sarees, etc.

4. The cost of raw material required per loom is about Rs.20 to Rs.25 per mensem. The wages per weaver is about Rs.12 to 15 per mensem. The concern has not so far maintained any books to show the annual transactions.

5. Mr. Silva has applied for a loan of Rs.1,500 in order to repay a debt of Rs.500 for yarn purchased carrying a high rate of interest and utilise the balance of Rs.1000/- for conducting cash transactions in future. He proposes to repay the loan in 15 years by instalments of Rs.100 per annum. Mr. Silva hopes to make a gross profit of Rs.50 per mensem. After deducting Rs.30 as remuneration for himself, he proposes to repay the loan with interest on the basis suggested above.

6. The assets of the concern have been valued and the items incorporated in the financial statement appended herewith.

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7. If the loan is granted, the concern is likely to realise a net profit of Rs.20 anticipated by Mr. Silva. But I am not in favour of granting loan to the concern since it may tend to evoke a multitude of applications from such small concerns.

FINANCIAL STATEMENT OF THE HANDLOOM WEAVING FACTORY.

NON-RECURRING EXPENDITURE:

	Rs		
Furniture (estimated present value)	200	0	0
20 plain hand looms at Rs.30 each	690	0	0
Winding equipment (7 at Rs.2 each)	14	0	0
Warping " (2 at Rs.25/- each)	50	0	0
Dyeing equipment (furnace, boiling kief etc.)	25	0	0
Accessories, such as healds, reeds, shuttles, pirns, warper's bobbins, and other spare parts	100	0	0
Working expenses and stock of yarn for 1 month	350	0	0
Total capital required	<u>Rs.1429</u>	<u>0</u>	<u>0</u>

or Rs.1430/-

RECURRING EXPENDITURE PER MONTH OF 25 WORKING DAYS:

Supervisor	30	0	0
Wages for 23 weavers at Rs.12 each	276	0	0
Repairs, renewals on looms, furniture and equipment $1\frac{1}{2}$ per cent per annum on Rs.980	1	4	0
Depreciation charges on looms and equipment at 5 per cent per annum on Rs.760	3	4	0
Depreciation charges on furniture at $2\frac{1}{2}$ per cent per annum on Rs.200	0	7	0
Rent, rates and taxes	19	4	0
Office expenses, postage stamp, transport charges, packing materials etc.	10	0	0
Interest on capital at 5 per cent per annum on Rs.1430	6	0	0
Insurance premium against loss or damage	5	0	0
Other contingencies	5	0	0
Total	<u>Rs.356</u>	<u>3</u>	<u>0</u>

or Rs.356/-

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Production on 23-loom at about 3½ yards per day per loom: 80 yards.

do. per month of 25 working days :: 2000 yards

Cost of production of one yard :: 356/2000 :: Re.0-2-10

Average cost of yarn per yard of cloth (Including dyeing and wastage) :: Re.0-3--9

Total cost price per yard of cloth :: Re.0-6--7

Fair sale price :: Re.0--7-0

Profit per yard :: Re.0-0--5

Profit per day (80 yards) s.2-1-4- or say s.2/-

do. per month of 25 working days s.50/-

Remuneration for the proprietor s.30/-

Net profit per month :: s.20/-

Copy of letter L.Dis.3385/38 dated 28th June 1938 from the Collector of South Kanara, Mangalore

The petitioner, Mr. Elias Silva of Falmir, Mangalore is running a weaving establishment in a rented building with 20 wooden handlooms of which 16 are generally in working condition. He has no stock of yarn. He does not possess any immoveable property. He has not a flourishing business. His financial status is not sound either. His statement is enclosed.

1 ✓
EXTRACT.

The Minutes of the Proceedings at the thirty third meeting of the Board of Industries constituted under the Madras State Aid to Industries Act (Act V of 1923) held at the Office of the Director of Industries and Commerce, Madras, on Monday the 30th January 1939 at 11 A.M.

P r e s e n t:

Chairman.

1. Sri V. Ramakrishna, M.A., I.C.S., Director of Industries and Commerce.

Members.

2. Mr. C.E. Jones, C.I.E., I.C.S., Secretary to Government, Finance Department.
3. " D.Q. Davidson,
4. " F. Howard Oakley.
5. Sri. A. Ranganatha Mudaliar, B.A., B.L.,
6. " Chandulal M. Kothari, B.A., L.L.B.
7. Diwan Bahadur G. Narayanaswami Chettiar, C.I.E.,
8. Sri P.S. Kumaraswami Raja, M.L.A.,
9. " D.L. Narasimharaju, M.L.A.,
10. " S. Rm. Ct. Pl. Palaniappa Chettiar.
11. Rao Bahadur M. Giriappa, Registrar of Cooperative Societies.

The following applications were considered:-

11. Application from Mr. Elias Silva, Mangalore, for a loan of Rs. 1,500/- under the State Aid to Industries Act for developing his handloom weaving industry.

Read note by the Director of Industries and Commerce and connected papers.

Resolved unanimously that, as it is desirable to eliminate middlemen as far as possible the Board does not consider this a fit case for aid under the Act.

Dev. Dept

When received for
fair copying --

When copied ..

When examined..

When signed ..

When despatched.

Date.

Initials.

SUBJECT:—

Industrie -

State Act to Industries Act

- Application from Mr Elias

Silva, Mangalore - loan

- reflected

READ AGAIN _____, dated _____ 19____

READ ALSO:—

No. 1800 From the D. He, No. SA41, dated 13-2-1939.

23 _____ 23 _____ 23 _____ 23 _____ 19 _____

“ _____ ” _____ “ _____ ” _____ 19 _____

Order Ms. No. 526, dated 3. 3. 1939.
Resolution Rout.

As the Governor is precluded under the provision of Sec 8 (5) of the Madras State Aid to Industries Act 19 (Madras Act V of 1923) for sanctioning the loan applied for by Mr Elias Silva, Mangalore as the Board of Industries has unanimously declined to recommend ~~the grant~~^{it} ~~on the loan~~. The application is therefore refused.

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